Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

AGRICULTURE AND AGRI-FOOD CANADA

Future-Oriented Financial Statements (Unaudited)
For the years ending March 31, 2013 and 2014

Canada

Statement of Management Responsibility

Departmental management is responsible for these Future-oriented Financial Statements, including responsibility for the appropriateness of the assumptions on which these statements are prepared. These statements are based on the best information available and assumptions adopted as at February 6, 2013 and reflect the plans described in the Report on Plans and Priorities.

Suzanne Vinet, Deputy Minister

Pierre Corriveau, Chief Financial Officer

Ottawa, Canada

March 5, 2013

AGRICULTURE AND AGRI-FOOD CANADA

Future-oriented Statement of Financial Position (Unaudited)
As at March 31
(in thousands of dollars)

	Planned Results 2014	Estimated Results 2013
Liabilities		
Accounts payable and accrued liabilities (Note 6)	$ 1,624,369	$ 1,706,945
Vacation pay and compensatory leave	30,256	31,013
Deferred revenue (Note 7)	13,480	13,340
Employee future benefits (Note 8)	26,973	72,004
Other liabilities (Note 9)	37,277	67,106
Total liabilities	1,732,355	1,890,408
Financial assets		
Due from Consolidated Revenue Fund	1,550,951	1,645,677
Accounts receivable and advances (Note 10)	75,854	74,609
Loans receivable (Note 11)	352,180	364,281
Total gross financial assets	1,978,985	2,084,567
Financial assets held on behalf of Government		
Accounts receivable and advances (Note 10)	(734)	(727)
Loans receivable (Note 11)	(352,180)	(364,281)
Total financial assets held on behalf of Government	(352,914)	(365,008)
Total net financial assets	1,626,071	1,719,559
Departmental net debt	106,284	170,849
Non-financial assets		
Prepaid expenses and inventory	347	2,194
Tangible capital assets (Note 12)	371,254	376,786
Total non-financial assets	371,601	378,980
Departmental net financial position (Note 13)	$ 265,317	$ 208,131

Information for the year ended March 31, 2013 includes actual amounts from April 1, 2012 to December 31, 2012.

Contingencies (Note 14)

The accompanying notes form an integral part of these Future-oriented Financial Statements.

AGRICULTURE AND AGRI-FOOD CANADA

Future-oriented Statement of Operations and Departmental Net Financial Position (Unaudited)
For the Year Ending March 31
(in thousands of dollars)

	Planned Results 2014	Estimated Results 2013
EXPENSES		
Business Risk Management	$ 1,300,551	$ 1,256,862
Internal Services	390,672	388,706
Science, Innovation and Adoption	320,163	319,353
Trade and Market Development	176,068	277,024
On-Farm Action	71,307	151,754
Food Safety and Biosecurity Risk Management Systems	86,042	100,665
Environmental Knowledge, Technology, Information and Measurement	33,934	62,045
Agri-Business Development	116,897	39,220
Rural and Co-operatives Development	2,852	16,972
Canadian Pari-Mutuel Agency	8,531	10,656
Regulatory Efficiency Facilitation	16,350	26,460
Farm Products Council of Canada	2,433	2,652
	2,525,800	2,652,369
Revenues		
Crop Re-Insurance Fund	77,493	77,493
Sale of goods and services	70,422	73,586
Interest	11,729	12,256
Joint project and cost sharing agreements	6,227	6,507
Gain on disposal of assets	5,500	5,747
Revenues earned on behalf of Government	(107,633)	(111,612)
	63,738	63,977
Net cost of operations before government funding and transfers	2,462,062	2,588,392
Government funding and transfers		
Net cash provided by Government	2,534,207	2,232,670
Change in due from Consolidated Revenue Fund	(94,726)	334,826
Services provided without charge by other government departments (Note 15)	79,767	75,457
Transfer of assets from other government departments	-	30
Transfer of assets to other government departments	-	(19)
Net cost of operations after government funding and transfers	(57,186)	(54,572)
Departmental net financial position - Beginning of year	208,131	153,559
Departmental net financial position - End of year	$ 265,317	$ 208,131

AGRICULTURE AND AGRI-FOOD CANADA

Future-oriented Statement of Operations and Departmental Net Financial Position (Unaudited)
For the Year Ending March 31
(in thousands of dollars)

Information for the year ended March 31, 2013 includes actual amounts from April 1, 2012 to December 31, 2012.

Segmented information (Note 16)

The accompanying notes form an integral part of these Future-oriented Financial Statements.

AGRICULTURE AND AGRI-FOOD CANADA

Future-oriented Statement of Departmental Net Debt (Unaudited)
For the Year Ending March 31
(in thousands of dollars)

	Planned Results 2014	Estimated Results 2013
Net cost of operations after government funding and transfers	$ (57,186)	$ (54,572)
Change due to tangible capital assets (Note 12)		
Acquisition of tangible capital assets	37,653	39,634
Amortization of tangible capital assets	(43,003)	(43,073)
Proceeds from disposal of tangible capital assets	(228)	(272)
Net (loss) or gain on disposal of tangible capital assets including adjustments	(112)	(12)
Non-cash changes of tangible capital assets	158	99
Transfer from other government departments	-	30
Transfer to other government departments	-	(19)
Total change due to tangible capital assets	(5,532)	(3,613)
Change due to prepaid expenses and inventory	(1,847)	(3,875)
Net increase (decrease) in departmental net debt	(64,565)	(62,060)
Departmental net debt - Beginning of year	170,849	232,909
Departmental net debt - End of year	$ 106,284	$ 170,849

Information for the year ended March 31, 2013 includes actual amounts from April 1, 2012 to December 31, 2012.

The accompanying notes form an integral part of these Future-oriented Financial Statements.

AGRICULTURE AND AGRI-FOOD CANADA

Future-oriented Statement of Cash Flows (Unaudited)
For the Year Ending March 31
(in thousands of dollars)

	Planned Results 2014	Estimated Results 2013
Operating activities		
Net cost of operations before government funding and transfers	$ 2,462,062	$ 2,588,392
Non-cash items:		
Amortization of tangible capital assets	(43,003)	(43,073)
Gain (Loss) on disposal of tangible capital assets	(112)	(12)
Non-cash changes of tangible capital assets	158	99
Services provided without charge by other government departments	(79,767)	(75,457)
Variations in Statement of Financial Position		
Increase (decrease) in accounts receivable and advances	1,238	(8,407)
Increase (decrease) in prepaid expenses and inventory	(1,847)	(3,875)
Decrease (increase) in accounts payable and accrued liabilities	82,576	(321,929)
Decrease (increase) in vacation pay and compensatory leave	757	(618)
Decrease (increase) in deferred revenue	(140)	(238)
Decrease (increase) in employee future benefits	45,031	9,942
Decrease (increase) in other liabilities	29,829	48,484
Cash used in operating activities	2,496,782	2,193,308
Capital investing activities		
Acquisition of tangible capital assets	37,653	39,634
Proceeds from disposal of tangible capital assets	(228)	(272)
Cash used in capital investing activities	37,425	39,362
Net cash provided by Government of Canada	$ 2,534,207	$ 2,232,670

Information for the year ended March 31, 2013 includes actual amounts from April 1, 2012 to December 31, 2012.

The accompanying notes form an integral part of these Future-oriented Financial Statements.

Note 1 - Authority and objectives

The Department of Agriculture and Agri-Food (AAFC) was originally established in 1868. Under the *Department of Agriculture and Agri-Food Act*, the Minister is responsible for agriculture, products derived from agriculture and research related to agriculture and products derived from agriculture including the operation of experimental farm stations, unless they have been assigned by law to another department, board or agency.

The Department provides information, research and technology, and policies and programs to achieve security of the food system, health of the environment and innovation for growth.

Detailed information on Agriculture and Agri-Food Canada's programs can be found in Section II of the 2013-2014 Report on Plans and Priorities.

Note 2 – Methodology and significant assumptions

The Future-oriented Financial Statements have been prepared on the basis of the government priorities and the plans of the Department as described in the Report on Plans and Priorities.

The main assumptions are as follows:

(a) The Department's activities will remain substantially the same as for the previous year.

(b) Expenses and revenues, including the determination of amounts internal and external to the government, are based on historical experience. The general historical pattern is expected to continue.

(c) Allowances for uncollectibility are based on historical experience. The general historical pattern is expected to continue.

(d) Estimated year end information for 2012-13 is used as the opening position for the 2013-14 forecasts.

These assumptions are adopted as at February 6, 2013.

Note 3 – Variations and Changes to the Forecast Financial Information

While every attempt has been made to forecast final results for the remainder of 2012-13 and for 2013-14, actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

In preparing these Future-oriented Financial Statements, Agriculture and Agri-Food Canada has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Factors that could lead to material differences between the Future-oriented Financial Statements and the historical financial statements include:

(a) The timing and amounts of acquisitions and disposals of property, plant and equipment may affect gains/losses and amortization expense.

(b) Implementation of new collective agreements.

(c) Economic conditions may affect both the amount of revenue earned and the collectability of loan receivables.

(d) Interest rates in effect at the time of issue will affect the net present value of non-interest bearing loans.

(e) Further changes to the operating budget through additional new initiatives or technical adjustments later in the year.

Once the Report on Plans and Priorities is presented, Agriculture and Agri-Food Canada will not be updating the forecasts for any changes to appropriations or forecast financial information made in ensuing supplementary estimates. Variances will be explained in the Departmental Performance Report.

Note 4 - Summary of significant accounting policies

The Future-oriented Financial Statements have been prepared in accordance with the Treasury Board accounting policies in effect for the 2011-2012 fiscal year. These accounting policies, stated below, are based on Canadian generally accepted accounting principles for the public sector. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian generally accepted accounting principles.

Significant accounting policies are as follows:

(a) Parliamentary authorities – Agriculture and Agri-Food Canada is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the Department do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Future-oriented Statement of Operations and Departmental Net Financial Position and the Future-oriented Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 5 provides a reconciliation between the bases of reporting.

(b) Consolidation – These Future-oriented consolidated Financial Statements include the accounts of the sub-entities that the deputy head (DH) is accountable for. The accounts of these sub-entities have been consolidated with those of the Department and all inter-organizational balances and transactions have been eliminated. The accounting entity comprises of the Department of Agriculture and Agri-Food, the Farm Products Council of Canada, Canada Agricultural Review Tribunal and the Canadian Pari-Mutuel Agency. The Future-oriented Financial Statements do not include the accounts of the Canadian Food Inspection Agency, the Canadian Wheat Board, the Canadian Grain Commission, the Canadian Dairy Commission and Farm Credit Canada because they are not under the control of Agriculture and Agri-Food Canada and therefore, are not consolidated.

(c) Net Cash Provided by Government – The Department operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Department is deposited to the CRF and all cash disbursements made by the Department are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the Government.

(d) Amounts due from or to the Consolidated Revenue Fund are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the Department is entitled to draw from the CRF without further authorities to discharge its liabilities.

(e) Revenues:

- Revenues from regulatory fees are recognized in the accounts based on the services provided in the year.

- Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. These revenues are recognized in the period in which the related expenses are incurred.

- Funds that have been received are recorded as deferred revenue, provided the Department has an obligation to other parties for the provision of goods, services or the use of assets in the future.

- Other revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

- Revenues that are non-respendable are not available to discharge the Department's liabilities. While the DH is expected to maintain accounting control, he or she has no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented in reduction of the entity's gross revenues.

(f) Expenses – Expenses are recorded on an accrual basis:

- Transfer payments are recorded as expenses when authorization for the payment exists and the recipient has met the eligibility criteria or the entitlements established for the transfer payment program. In situations where payments do not form part of an existing program, transfer payments are recorded as expenses when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements. Transfer payments that become repayable as a result of conditions specified in the contribution agreement that have come into being are recorded as a reduction to transfer payment expense and as a receivable.

- Vacation pay and compensatory leave are accrued as the benefits are earned under the respective terms of employment.

- Services provided without charge by other government departments for the employer's contribution to the health and dental insurance plans, accommodation, legal services and workers' compensation are reported as operating expenses at their estimated cost.

(g) Employee future benefits

(i) Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multi-employer pension plan administered by the Government. The Department's contributions to the Plan are charged to expenses in the year incurred and represent the total Departmental obligation to the Plan. The Department's responsibility with regards to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, on the Plan's sponsor.

(ii) Severance benefits: Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(h) Accounts and loans receivable are stated at the lower of cost and net recoverable value. However, when the terms of the loans are concessionary, such as those provided with a low or no interest clause, they are recorded at their estimated present value. A portion of the unamortized discount is recorded as revenue each year to reflect the change in the present value of the loans outstanding. Transfer payments that are unconditionally repayable are recognized as loans receivable. A valuation allowance is recorded for accounts and loans receivable where recovery is considered uncertain.

(i) Contingencies – Contingencies are potential recoveries or liabilities which may become actual recoveries or liabilities when one or more future events occur or fail to occur.

(i) Contingent liabilities – To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the Future-oriented Financial Statements.

(ii) Contingent recoveries – Contingent gains are not accrued in the Future-oriented Financial Statements. However, a contingent gain which is considered likely to be realized is disclosed in the notes to the Future-oriented Financial Statements.

(j) Loan and Price Guarantees – An allowance on loans or price guarantees is recorded in the accounts when it is likely that a payment will be made to honor a guarantee and where the amount of the anticipated loss can be reasonably estimated. The amount of the allowance for losses is determined based on historical loss experience and economic conditions adversely affecting the capacity of borrowers to reimburse the loan. The allowance is reviewed on a regular basis and the variations are recorded in the Future-Oriented Financial Statements.

(k) Environmental liabilities – Environmental liabilities reflect the estimated costs related to the management and remediation of environmentally contaminated sites. Based on management's best estimates, a liability is accrued and an expense recorded when the contamination occurs or when the Department becomes aware of the contamination and is obligated, or is likely to be obligated to incur such costs. If the likelihood of the Department's obligation to incur these costs is not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the Future-oriented Financial Statements.

(l) Tangible capital assets – All tangible capital assets and leasehold improvements having an initial cost of $10,000 or more are recorded at their acquisition cost. The Department does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value and museum collections.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	Amortization period
Buildings	20 to 30 years
Works and infrastructure	15 to 40 years
Machinery and equipment	5 to 20 years
Vehicles	7 to 25 years
Computer Hardware and Software	3 to 5 years
Leasehold improvements	Lesser of the remaining term of the lease or useful life of the improvement

Assets under construction are recorded in the applicable capital asset class in the year that they become available for use and are not amortized until they become available for use.

Note 5 - Parliamentary Authorities

The Department receives most of its funding through annual Parliamentary authorities. Items recognized in the Future-oriented Statements of Operations and Departmental Net Financial Position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, the Department has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to requested authorities:

	Planned Results 2014	Estimated Result 2013
Net cost of operations before government funding and transfers	$ 2,462,062	$ 2,588,392
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(43,003)	(43,073)
Gain (Loss) on disposal of tangible capital assets	(112)	(12)
Non cash changes of tangible capital assets	158	99
Services provided without charge by other government departments	(79,767)	(75,457)
Increase (decrease) in prepaid and inventory	(1,737)	(3,801)
Decrease (increase) in vacation pay and compensatory leave	757	(618)
Decrease (increase) in accrued liabilities	19,691	56,884
Decrease (increase) in employee future benefits	45,031	9,942
Decrease (increase) in allowances for bad debt expenses	(8,579)	(7,786)
Refund and adjustment of prior years' expenditures	27,074	62,615
Respendable revenue	12,583	12,234
Other	(23,042)	(68,677)
	(50,946)	(57,650)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	37,653	39,634
Proceeds from disposal of tangible capital assets	(228)	(272)
Increase (decrease) in loan receivables	1,932	2,231
Increase in inventory	54	54
	39,411	41,647
Forecast current year lapse	-	280,274
Forecast authorities available	$ 2,450,527	$ 2,852,663

(b) Authorities requested

	Planned Results 2014	Estimated Results 2013
Authorities Requested:		
Vote 1 - Operating expenditures	$ 639,591	$ 728,601
Vote 5 - Capital expenditures	27,872	34,882
Vote 10 - Transfer payments	435,625	632,129
Statutory amounts	1,347,439	1,457,051
Forecast authorities available	$ 2,450,527	$ 2,852,663

Authorities presented reflect current forecasts of statutory items, approved initiatives included and expected to be included in Estimates documents and, when reasonable estimates can be made, estimates of amounts to be allocated from Treasury Board central votes.

Note 6 - Accounts payable and accrued liabilities

The following table presents details of the Department's accounts payable and accrued liabilities:

	Planned Results 2014	Estimated Results 2013
Accounts payable to other government departments and agencies	$ 21,123	$ 18,961
Accounts payable to external parties	1,500,260	1,565,306
	1,521,383	1,584,267
Accrued liabilities	102,986	122,678
Total accounts payable and accrued liabilities	$ 1,624,369	$ 1,706,945

Note 7 - Deferred Revenue

Deferred revenue represents the balance at year-end of unearned revenues stemming mainly from joint collaborative agreements and cost-sharing agreements which are restricted to fund the expenditures related to specific research projects and amounts received for fees prior to services being performed. Revenue is recognized in the period that these expenditures are incurred or the service is performed. Details of the transactions related to this account are as follows:

	Planned Results 2014	Estimated Results 2013
Opening balance	$ 13,340	$ 13,102
Amounts expected to be received	4,963	5,504
Revenue recognized	(4,823)	(5,266)
Closing balance	$ 13,480	$ 13,340

Note 8 - Employee future benefits

(a) Pension benefits

The Department's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government. Pension benefits accrue up to a maximum period of 35 years at a rate of 2% per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Department contribute to the cost of the Plan. The forecast expenses are $54,213,000 in 2013 and $55,141,000 in 2014, representing approximately 1.8 times the contributions by employees. The Department's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits

The Department provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not pre-funded. Benefits will be paid from future authorities.

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2012. Employees subject to these changes were given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. These changes were reflected in the calculation of the outstanding severance benefit obligation.

Information about the severance benefits, estimated as at the date of these statements, is as follows:

	Planned Results 2014	Estimated Results 2013
Accrued benefit obligation, beginning of year	$ 72,004	$ 81,946
Expense for the year	(8)	1,715
Expected benefit payments during the year	(45,023)	(11,657)
Accrued benefit obligation - End of year	$ 26,973	$ 72,004

Note 9 - Other liabilities

The Department holds funds in trust from the AgriInvest program, the AgriStability program as well as security deposits.

AgriInvest is a producer savings account program that replaces the coverage for smaller income declines that was provided by previous programs. Program payments are cost-shared with the province or territory which producers can withdraw under specific terms and conditions. Since 2010, producers can make their AgriInvest deposits at a participating financial institution of their choice. As such, existing funds held by the federal government are being transferred to the producer's AgriInvest account held at the financial institutions.

The AgriStability program helps producers protect their farming operations against larger drops in income. Program payments are shared 60% federally and 40% provincially/territorially. The provincial/territorial share of the contributions and interest paid on the contributions are held in a specified purpose account until the producers draw down their funds.

AgriInvest, AgriStability and security deposit account activities, estimated as at the date of these statements, are as follows:

	Planned Results 2014	Estimated Results 2013
Opening balance	$ 67,106	$ 115,590
Expected deposits	377,802	410,825
Expected withdrawals	(407,631)	(459,309)
Ending balance	$ 37,277	$ 67,106

Note 10 - Accounts receivable and advances

The following table presents details of the Department's accounts receivable and advances balances:

	Planned Results 2014	Estimated Results 2013
Receivables from other government departments and agencies	$ 13,231	$ 11,768
Receivables from external parties	94,373	94,685
Employee advances	65	76
Subtotal	107,669	106,529
Allowance for doubtful accounts on receivables from external parties	(31,815)	(31,920)
Gross accounts receivable	75,854	74,609
Accounts receivable held on behalf of Government	769	762
Allowance for doubtful accounts held on behalf of Government	(35)	(35)
Net Accounts receivable held on behalf of Government	734	727
Net accounts receivable	$ 75,120	$ 73,882

Note 11 - Loans receivable

The following table presents details of the Department's loans receivable and program advances balances:

	Planned Results 2014	Estimated Results 2013
Transfer payments recoverable	$ 55,724	$ 53,791
Loans resulting from loan guarantee programs	434,143	454,059
Subtotal	489,867	507,850
Less: Allowance for uncollectibility	(137,687)	(143,569)
Gross loans receivable	352,180	364,281
Loans receivable held on behalf of Government	352,180	364,281
Net loans receivable	$ -	$ -

(a) Transfer payments recoverable

Transfer payments recoverable relate to contributions made to outside parties which are repayable based on conditions specified in the contribution agreement that have come into being. An allowance of $9,478,000 ($9,478,000 in 2013) relating to these amounts is estimated.

(b) Loans resulting from loan guarantee programs

The Department's loan receivables are the result of the exercise of loan guarantees by the initial lender under the terms of various loan guarantee programs. These loans are in default with the initial lender and due immediately to the Department. Interest rates on these loans vary according to the initial terms of the loans and applicable government regulations. An allowance of $128,209,000 ($134,091,000 in 2013) relating to these amounts is estimated.

Note 12 - Tangible capital assets

	COST				
CAPITAL ASSET CLASS	OPENING BALANCE	ACQUISITIONS	ADJUSTMENTS[1]	DISPOSALS AND WRITE-OFFS	CLOSING BALANCE
Land	$ 13,044	$ -	$ -	$ -	$ 13,044
Buildings	625,916	71	14,463	1,346	639,104
Works and infrastructure	61,874	-	3,253	79	65,048
Machinery and equipment	184,862	6,372	(317)	4,525	186,392
Vehicles	71,110	1,760	143	2,054	70,959
Leasehold improvements	24,141	-	359	44	24,456
Computer hardware and software	40,691	1,216	720	1,449	41,178
Assets under construction	31,782	28,234	(19,689)	-	40,327
	$ 1,053,420	$ 37,653	$ (1,068)	$ 9,497	$ 1,080,508

	ACCUMULATED AMORTIZATION				
CAPITAL ASSET CLASS	OPENING BALANCE	AMORTIZATION	ADJUSTMENTS[1]	DISPOSALS AND WRITE-OFFS	CLOSING BALANCE
Land	$ -	$ -	$ -	$ -	$ -
Buildings	427,557	16,793	(96)	1,198	443,056
Works and infrastructure	26,210	1,608	26	78	27,766
Machinery and equipment	128,305	9,051	(568)	4,416	132,372
Vehicles	44,798	3,915	26	1,975	46,764
Leasehold improvements	17,333	1,964	-	44	19,253
Computer hardware and software	32,431	9,672	(614)	1,446	40,043
Assets under construction	-	-	-	-	-
	$ 676,634	$ 43,003	$ (1,226)	$ 9,157	$ 709,254

NET BOOK VALUE

CAPITAL ASSET CLASS	PLANNED RESULTS 2014	ESTIMATED RESULTS 2013
Land	$ 13,044	$ 13,044
Buildings	196,048	198,359
Works and infrastructure	37,282	35,664
Machinery and equipment	54,020	56,557
Vehicles	24,195	26,312
Leasehold improvements	5,203	6,808
Computer hardware and software	1,135	8,260
Assets under construction	40,327	31,782
	$ 371,254	$ 376,786

(1) Adjustments include assets under construction that are estimated to be transferred to other categories upon completion of the assets.

Note 13 – Departmental net financial position

A portion of the Department's net financial position is used for a specific purpose. Related revenues and expenses are included in the Future-oriented Statement of Operations and Departmental Net Financial Position. The Department operates two programs which under legislation require that the revenues be earmarked to offset the expenses of the program.

The Crop Re-insurance Fund was established pursuant to the *Farm Income Protection Act*. This program provides insurance to participating provinces for costs they incur in operating crop insurance programs. The fund records receipts and disbursements under the terms of reinsurance agreements. When there are insufficient revenues to meet payments, the Minister of Finance may authorize an advance of additional funds to cover these obligations.

The Agricultural Commodities Stabilization Accounts were established pursuant to the *Agricultural Stabilization Act*, under which the commodity accounts formerly operated, and has since been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991. The purpose of these accounts was to reduce income loss to producers from market risks through stabilizing prices. Premiums were shared equally by the Government of Canada, the governments of participating provinces and participating producers. Current activities are limited to collection of accounts receivable.

The balances of the accounts at the end of the year are included in the Future-Oriented Statement of Change in Departmental Net Debt. Activities in these accounts are as follows:

	Planned Results 2014	Estimated Results 2013
Crop Re-insurance Fund- Restricted		
Balance, beginning of year	$ 200,926	$ 123,433
Expected revenues	77,493	77,493
Expected expenses	-	-
Balance-end of year - Restricted	278,419	200,926
Agricultural Commodities Stabilization Accounts - Restricted	647	647
Unrestricted	(13,749)	6,558
Departmental net financial position-end of year	$ 265,317	$ 208,131

Note 14 - Contingencies

Contingencies arise in the normal course of operations and their ultimate disposition is unknown. They are grouped into five categories as follows:

(a) Contaminated sites

Liabilities are accrued to record the estimated costs related to the management and remediation of contaminated sites where the Department is obligated or likely to be obligated to incur such costs. As at the date of the preparation of these Future-oriented Financial Statements, the Department had identified approximately 26 sites where such action is possible and for which a liability of $1,200,000 has been recorded in accrued liabilities. The Department has estimated additional clean-up costs of $2,813,000 that are not accrued, as these are not considered likely to be incurred at this time. Additional new sites, changes in the remediation approach or material changes in amounts accrued or not accrued are not forecasted for the future years presented in these statements. However, the Department's ongoing efforts to assess contaminated sites may result in additional environmental liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. These liabilities will be accrued by the Department in the year in which they become likely and can be reasonably estimable.

(b) Claims and litigation

Claims have been made against the Department in the normal course of operations. These claims include items with pleading amounts and other for which no amount is specified. While the total amount claimed in these actions is significant, their outcomes are not determinable. The Department has also been named in other legal claims against the Government of Canada, related to the agricultural industry, for which amounts and likelihood of liability cannot be determined. The limited disclosure regarding the contingent liabilities for legal claims recognized by the Department is a direct reflection of the sensitivity and status of on-going claims

(c) Loan or price guarantees

As at the date of the preparation of these Future-oriented Financial Statements, the Department had identified the following outstanding guarantees and allowances:

	AUTHORIZED LIMIT	OUTSTANDING GUARANTEES		ALLOWANCE AS AT MARCH 31	
		Planned Results 2014	Estimated Results 2013	Planned Results 2014	Estimated Results 2013
Loans according to the Advance Payments Program under the *Agricultural Marketing Programs Act*	$ 5,000,000	$ 1,373,551	$ 1,374,436	$ 100,820	$ 114,955
Loans to farmers under the *Canadian Agricultural Loans Act*	3,000,000	92,680	105,936	973	1,059
Price guarantee agreements with marketing agencies pursuant to the Price Pooling Program under the *Agricultural Marketing Programs Act*	No limit	26,495	34,481	-	-
National Biomass Ethanol Program	140,000	24,960	24,960	-	-
		$ 1,517,686	$ 1,539,813	$ 101,793	$ 116,014

The allowance for losses is the amount recorded for estimated losses on outstanding loan guarantees and which is included in accrued liabilities. No allowance has been recorded for the Price Pooling Program of the *Agriculture Marketing Programs Act* and for the National Biomass Ethanol Program as no costs are likely to occur.

Under the Advance Payments Program of *Agricultural Marketing Programs Act*, the Department guarantees the repayment of advances made by producer organizations to farmers in the spring and in the fall, creating a more stable business environment. The maximum cash advance under the program is $400,000. The loans generally have a repayment term of 18 months.

Under the *Canadian Agricultural Loans Act*, the Department guarantees loans by financial institutions to farmers for improvement and development of farms, and the processing, distribution or marketing of farm products. This program guarantees 95 percent of the value of loans provided to farms and co-operatives by financial institutions. For individual applicants, including corporations, the maximum amount for a *Canadian Agricultural Loans Act* loan is $500,000. Most loans are repayable within ten years. For loans related to land purchases, the repayment period is 15 years.

Under the Price Pooling Program of the *Agricultural Marketing Programs Act*, the Department provides a price guarantee that protects marketing agencies and producers against unanticipated declines in the market price of their products.

The Minister of Agriculture and Agri-Food is authorized to guarantee Line of Credit Agreements entered into by Farm Credit Canada under the National Biomass Ethanol Program.

(d) Transfer Payments - Conditionally Repayable Contributions

As at the date of the preparation of these Future-oriented Financial Statements, the Department had identified 4 programs which are conditionally repayable. Additional new programs or material changes in amounts of program expenditures are not forecasted for the future years presented in these statements.

Under the Ruminant Slaughter Loan Loss Reserve Program, which ended in 2007, conditionally repayable contributions which are outstanding total $6,679,000. The funds contributed and accumulated interest are repayable within 10 years and no later than December 31, 2017, net of the amounts used to cover a portion of the loan defaults.

Under the ecoAgriculture Biofuels Capital Initiative, conditionally repayable contributions which are outstanding total $51,348,000. Repayments are determined by a project's profitability, and have a maximum repayment period of 10 years and no later than March 31, 2023.

Under the Slaughter Improvement Program, conditionally repayable contributions have been issued for a total amount of $51,615,000. Repayments are determined by a project's profitability, and have a maximum repayment period of 10 years. The final payment is due no later than June 1, 2024.

Under the Slaughter Waste Innovation Program, conditionally repayable contributions have been issued for a total amount of $19,550,000. Repayments are determined by a project's profitability as well as whether and how a project demonstrates the destruction or deactivation of Specified Risk Material. Contributions have a maximum repayment period of 10 years and the final payment is due no later than March 31, 2024.

(e) Contingent Recoveries

AgriStability and Canadian Agricultural Income Stabilization (CAIS) programs are federally and provincially/territorially cost shared programs and CAIS Inventory Transition Initiative (CITI) is a federally funded program. When provincial/territorial governments deliver these programs and overpayments occur, the federal government is entitled to recover its share of funding if and when overpayments are recovered. As at the date of the preparation of these Future-oriented Financial Statements, the Department has estimated the contingent recoverable amount as $14,720,000. Contingent recoveries are not recorded in the financial statements.

Note 15 - Related Party Transactions

The Department is related as a result of common ownership to all Government of Canada departments, agencies, and Crown Corporations. The Department enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, the Department plans to receive common services which would be obtained without charge from other Government departments as disclosed below.

(a) Common services provided without charge by other government departments

During the year the Department receives services without charge from certain common service organizations, related to the employer's contribution to the health and dental insurance plans, accommodation, legal services, and workers' compensation coverage. These services provided without charge have been recognized in the Department's Future-oriented Statement of Operations and Departmental Net Financial Position as follows:

	Planned Results 2014	Estimated Results 2013
Employer's contribution to the health and dental insurance plans	$ 48,541	$ 44,962
Accommodation	28,301	27,517
Legal services	1,605	1,585
Workers' Compensation	1,320	1,393
	$ 79,767	$ 75,457

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Works and Government Services Canada and audit services provided by the Office of the Auditor General are not included in the Department's Future-Oriented Statement of Operations and Departmental Net Financial Position.

(b) Other transactions with related parties

	Planned Results 2014	Estimated Results 2013
Expenses - Other Government departments and agencies	$ 144,205	$ 141,579
Revenues - Other Government departments and agencies	$ 8,153	$ 8,780

Note 16 - Segmented information

Presentation by segment is based on the Department's program architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 4. The following table presents the forecasted expenses incurred and forecasted revenues generated for the main programs, by major object of expenses and by major type of revenues. The segment results for the period are as follows:

*	BRM	IS	SIA	TMD	OFA	RMS	EKTIM	ABD	RCD	CPMA	REF	FPCC	Planned Results 2014 Total	Estimated Results 2013 Total
EXPENSES														
Transfer payments	$ 1,267,400	$ -	$ 131,357	$ 103,314	$ 40,852	$ 56,902	$ 427	$ 110,260	$ 688	$ -	$ -	$ -	$ 1,711,200	$ 1,763,239
Salaries and employee benefits	35,827	195,708	121,969	38,815	19,115	20,397	27,307	1,713	2,024	(934)	7,833	1,271	470,505	522,738
Professional and other services	9,949	40,716	27,633	21,737	2,475	2,808	3,007	5,128	88	7,958	6,068	596	128,163	127,802
Allowance for loan guarantees and bad debts	(14,222)	8,579	-	-	-	-	-	-	-	-	-	-	(5,643)	(1,567)
Materials and supplies	429	17,247	28,354	2,296	5,190	4,093	1,915	44	9	141	1,674	181	61,573	65,127
Amortization of tangible capital assets	-	42,598	-	-	-	-	-	-	-	405	-	-	43,003	43,073
Accommodation	168	55,008	464	1,044	814	574	61	(22)	1	698	220	31	59,061	67,370
Travel	458	3,673	6,091	8,806	1,011	994	893	307	42	240	470	294	23,279	20,615
Repairs and maintenance	542	13,615	4,187	55	1,625	273	322	7	-	13	71	60	20,770	25,887
Electricity and other public services	-	13,528	108	1	225	1	2	-	-	10	14	-	13,889	18,085
Crop Re-Insurance Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	1,300,551	390,672	320,163	176,068	71,307	86,042	33,934	116,897	2,852	8,531	16,350	2,433	2,525,800	2,652,369
REVENUES														
Crop Re-Insurance Fund	77,493	-	-	-	-	-	-	-	-	-	-	-	77,493	77,493
Sale of goods and services	2,248	6,345	27,489	-	24,028	323	84	-	-	9,905	-	-	70,422	73,586
Interest	2,272	9,340	35	-	47	7	5	-	-	23	-	-	11,729	12,256
Joint project and cost sharing agreements	-	3,405	2,793	-	-	-	29	-	-	-	-	-	6,227	6,507
Gain on disposal of assets	-	5,500	-	-	-	-	-	-	-	-	-	-	5,500	5,747
Revenues earned on behalf of Government	(80,353)	(12,725)	(9,471)	-	(4,954)	(81)	(49)	-	-	-	-	-	(107,633)	(111,612)
TOTAL REVENUES	1,660	11,865	20,846	-	19,121	249	69	-	-	9,928	-	-	63,738	63,977
NET COST FROM OPERATIONS	$ 1,298,891	$ 378,807	$ 299,317	$ 176,068	$ 52,186	$ 85,793	$ 33,865	$ 116,897	$ 2,852	$ (1,397)	$ 16,350	$ 2,433	$ 2,462,062	$ 2,588,392

*BRM – Business Risk Management ; IS – Internal Services; SIA – Science, Innovation and Adoption; TMD – Trade and Market Development; OFA – On-Farm Action; RMS – Food Safety and Biosecurity Risk Management Systems; EKTIM – Environmental Knowledge, Technology, Information and Measurement; ABD – Agri-Business Development; RCD – Rural and Co-operatives Development; CPMA – Canadian Pari-Mutuel Agency; REF – Regulatory Efficiency Facilitation; FPCC – Farm Products Council of Canada.